

Statement of Adam and Wendy Leidhecker
Chief Executive Officers
YourAuctionCompany.com of Montoursville PA
Before the
Postal Regulatory Commission
(Wilmington, Delaware July 9, 2007)

Good Afternoon to you Chairman Blair and fellow Commissioners, it is a pleasure to be here today. It is a privilege to be a voice for small business owners and the eBay community of buyers and sellers.

ABOUT US

My wife and I own and operate YourAuctionCompany, an internet-based small business that is located in Montoursville Pennsylvania. We are part of the large and growing eBay community and proud to have been recognized by eBay as "Power Sellers." As an eBay drop-off storefront, we serve as the liaison between potential sellers & buyers in the eBay marketplace by selling on eBay for others. Individuals who don't have the time or expertise to sell on eBay will contact us when they wish to sell their antiques & collectibles. We research the item and its potential value and handle the entire eBay selling process for the customer. We take professional photographs of the item, list it on eBay, handle correspondence with the buyer, receive payment, ship the item and then write the customer a check.

When it comes to shipping, we use the U.S. Postal Service, exclusively. We send an average of 100 packages a day utilizing Priority Mail. This is the preferred choice of most eBay buyers. When requested to do so, we will send packages using Parcel Post. Also, roughly 30% of our business requires shipping internationally. So, as you can see, postal rates and service are very important to the bottom-line of our company and the satisfaction of our clients—both sellers and buyers.

We are not experts on the new law, the Postal Accountability and Enhancement Act signed by President Bush last December. Nevertheless, as small business owners, whose daily operations have utilized the Postal Service exclusively for over seven years, we know what is important to our continued success. We have tried to be kept informed via media channels of the aspects of the new law that is relevant to us. With this information gained, we will address the issues raised in your letter of invitation to today's hearing.

While your letter indicates that the primary focus of this round of field hearings is the modern system of rate regulation for market dominant products, we predominately ship Priority Mail which I understand has been classified as a competitive product in the new law. Many of our concerns about the future of the Postal Service under the new law pertain to the seemingly blurry line between the competitive and market dominant product arenas

SINGLE PIECE OR BULK

As I mentioned previously, the majority of our business involves Priority Mail shipping with a significant portion of our business that involves international shipments. We do use Parcel Post shipping on occasion. Under the new law, both of these categories of mail are split with "single piece" falling on the market dominant side of the line, while "bulk" mailings as assigned to the other—competitive side. What constitutes a "bulk" mailing? We almost always have more than one single piece of international mail on a given day and sometimes have several pieces going Parcel Post. Do either of these situations constitute a "bulk" mailing or will the rates I pay in such situations be governed by the CPI rate-capped rules for market dominant products? Since the nature of our business is such that we generally are unable to qualify for drop-ship discounts that are available to large volume mailers, the rate stability and predictability of the market dominant rules would seem preferable in these types of situations.

TIMING AND NOTICE OF RATE INCREASES

Being a small business located in a rural area, our experience has been that we do not get details of upcoming rate increases beyond what the media reports on the changes in the price of a single piece stamp. This has, on occasion, resulted in problems for us since our pricing commitments to customers can be overtaken by unexpected rate increases. While we admit that we could alleviate the impact if we had more time to stay on top of what lay ahead, it would be helpful if the Postal Service were to increase its effort to better communicate to its small business owners, like ourselves.

That said, being “caught” off guard by rate changes has the potential to be even more serious for market dominant products under the new law. As I understand it, in lieu of the 10 months of litigation under the old law before a rate can be changed, the new law only requires the Postal Service to notify you, the Postal Regulatory Commission, at least 45 days before changes. It could take at least that long for the details the Postal Service is planning to filter out. An equal concern is whether eBay, PayPal and third party vendors will have sufficient time to make updates to their programs and systems with only a 45-day notice.

COMPETITION & CHOICE

Our impression is that aside from ensuring the long-term viability of our nation-wide universal delivery system, one of the other major considerations was to promote full and fair competition in areas where postal services overlapped with services offered by private delivery companies. As a privately owned business, we support competition in the package services arena and the benefits that choice provides us.

While I do not claim to be an expert on the details of the new law, I do believe that the PRC has a moral obligation to reject any and all proposals that might drive the Postal Service out of Priority Mail or other competitive services.

WHY NOT THE POSTAL SERVICE TOO

Track and Trace

We currently utilize the resources made available by eBay to members, including the PayPal software that helps us calculate postage and provides printed mailing labels for our Priority Mail and Parcel Post packages. Although we would greatly welcome efficiencies that an end-to-end tracking system would provide for the packages we mail, we are otherwise quite satisfied with the Postal Service.

Special Rate Arrangements

By utilizing the UPS shipping tool within ebay, all sellers currently qualify for a 31% discount. The PRC should adopt rules that not only permit but encourage the Postal Service to enter into similar arrangements with eBay or any other businesses. For companies that send letters, large envelopes and packages, there should be an option that permits cost reducing agreements to cover the range of what is entered into the postal system.

Flat Rate Boxes

When we first started our business, Priority Mail rates were unzoned up to and including five-pound packages. As rates have increased, the weight limit on unzoned rates has been reduced to just one pound packages. What use to be advertised as "2 pounds in 2 days for \$2" would now sound much less catchy as "2 pounds in 2 days for somewhere between \$4.60 and \$7.50." However, the Postal Service has also introduced offsetting options in recent years; most notably, the flat rate box. We hope that the structure established for competitive products does not restrict the Service from increasing the size, shape and/or weight limit of this and other innovations.

CONCLUSION

In conclusion, we are pleased that you are holding these field hearings and feel privileged to have been asked to participate in helping the PRC with this important and daunting task.